



May 2, 2024

To: Members of the Executive Committee

From: Jason Jewell, Managing Director

Subject: Proposed Changes to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Contracting and Procurement Policy

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency adheres to established contracting and procurement policies designed to ensure that all procurement activities are conducted fairly, transparently, and equitably. These policies support the strategic operational needs of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency while promoting the best value and efficient use of taxpayer resources. As part of the ongoing commitment to maintaining the highest standards, staff proposes several updates to the current policies to better reflect the changing dynamics of the operational and financial landscapes.

Recommendation

Adopt the proposed revisions to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Procurement Policies and Procedures and authorize staff to implement the recommended changes.

Background

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency (LOSSAN) Contracting and Procurement Policy was initially adopted by the Board of Directors on April 18, 2016, and subsequently amended in May 2017 to refine sole source procurement guidelines. A further amendment was made in June 2019, which included updates to authorize the Managing Director to sign letter amendments and to increase the corporate credit card transaction limit for digital advertising with major online platforms. These changes were implemented to align with evolving administrative needs and improve operational efficiency.

One of the goals in developing the LOSSAN Agency Contracting and Procurement Policy was to streamline procurement processes that are already in place with the

Orange County Transportation Authority (OCTA). This alignment facilitates the utilization of OCTA's contracting staff who support LOSSAN and reinforces the commitment to conducting procurement activities in a fair, transparent, and equitable manner. Following the adjustments made by OCTA on November 27, 2024, which aimed to refine and enhance their procurement strategies, LOSSAN is incorporating some of these enhancements to the policy to be aligned and consistent with OCTA's policy.

Discussion

LOSSAN Agency staff are proposing key updates to the existing contracting and procurement policy to reflect current operational needs and maintain alignment with best practices in procurement. The proposed changes aim to adapt the thresholds and limits to the current economic environment and enhance the procurement efficiency.

1. **Micro-Purchase Threshold:** The proposed increase from \$2,500 to \$5,000 for micro-purchases will reduce administrative burdens associated with small transactions and align the practices with current market conditions, enabling quicker response times and less paperwork.
2. **Informal Procurement Threshold:** The recommendation to increase the threshold for informal procurements from \$50,000 to any amount up to \$100,000. This adjustment allows the Managing Director to approve procurements within this range, streamlining the process and enhancing operational efficiency as per the bylaws.
3. **Formal Procurement Threshold:** The recommendation is to raise the threshold for formal procurements from over \$50,000 to over \$100,000. This change not only streamlines the procurement process for larger projects but also aligns well with the bylaw that requires any expenditure over \$100,000 to be authorized by the Board, ensuring consistency and compliance with the governance standards.
4. **Purchasing Card Transaction Limit:** Increasing the limit on purchasing card transactions from \$5,000 to \$10,000 per month will facilitate the management of regular and recurring expenses, allowing for more streamlined operations and better utilization of staff resources in managing procurement activities.

Summary

Staff proposes to amend the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's contracting and procurement policy to reflect the evolving needs of the agency and maintain alignment with industry standards as well as Orange County Transportation Authority's practices. The recommended changes include updating procurement thresholds and purchasing card limits, which are intended to improve operational efficiencies and adapt to the current economic environment. By increasing these thresholds, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's aim to streamline the procurement process, reduce administrative overhead, and expedite the acquisition of goods and services necessary for Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's operations. This update will ensure that the procurement practices continue to be conducted in a fair, transparent, and cost-effective manner, while also staying consistent with the practices adopted by the Orange County Transportation Authority to facilitate collaboration and support.

Attachments

- A. Recommended Changes to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Procurement Policies and Procedures
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Contracting and Procurement Policy, June 2019

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